

EGYPTIAN HEADACHES

- I. **Nasr regime, which itself showing increasing signs of strain, faces mounting number of severe internal and external problems:**
 - A. In Sudan, pro-"Union" government is in trouble, will probably fall if it fails to take more "independent" stand. Frustration of Egypt's hopes for "union" with Sudan would bring bad popular reaction against Nasr.
 - B. Arab League, founded and long dominated by Egypt, now threatens to founder on rock of Iraqi-Turkish defense agreement which Nasr declares is "violation" of league pact. Collapse of league would mean momentous loss of prestige for Nasr.
 - C. As climax to woes, last Monday's execution of Israeli spies--action calculated to strengthen Nasr regime's domestic position--is bringing predicted violent reaction from Israel, with future border bloodshed guaranteed and threat of open war not impossible.
- II. **On question of Arab League's future, Egypt is maintaining unyielding position that Iraqi-Turkish agreement violates League pact, and Nasr threatens to "leave" Arab League if it does not back him.**
 - A. Reports from Baghdad indicate that Iraqi leaders have no intention of backing down.

DOCUMENT NO. 2
NO CHANGE IN CLASS. ☐
OR DECLASSIFIED
CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE:
DATE: 2 Jan 80 REVIEWER:

25X1

~~SECRET~~

Approved For Release 2002/08/06 : CIA-RDP79R00890A000500020013-6

- B. Except for Saudi Arabia, Yemen which fully supporting Egypt, rest of Arabs on fence and hoping for compromise.
 - C. Should a formal break between Egypt and Iraq result, frantic Arab maneuvering will result with possibly significant realignments in Near East.
- III. On execution of two (of 10 convicted) Israeli spies, strong Israeli reaction immediate.
- A. Prime Minister Sharett accused Egypt of spilling Jewish blood in an attempt to strengthen its internal and external position.
 - B. Bitter statements in Israeli Knesset (parliament) and press, in line earlier declarations that popular resentment might bring about war.
 - C. Because present Israeli government is shaky coalition, Sharett has insisted he might be forced yield to intemperate elements. Emphasized his moderate policy being increasingly criticized by people as result:
 - 1. US arms agreement with Iraq.
 - 2. Refusal Suez Canal transit for Israeli ships.
 - 3. Iraqi-Turkish defense proposals.
 - 4. Syria's detention 4 Israeli soldiers.
 - D. Execution of spies comes as climax to above series.
- IV. He can anticipate these Israeli moves:
- A. Strong international campaign (using diplomats and Jewish organizations) to discredit, embarrass Egypt, particularly Nasser regime.

~~SECRET~~

Approved For Release 2002/08/06 : CIA-RDP79R00890A000500020013-6

- B. Continuation violent Israeli press campaign urging war.
 - C. Tacit Israeli governmental approval maximum reprisal activity on Egyptian frontier.
- V. However, war not anticipated, unless Egypt loses restraint on frontier. In this connection, Egypt appears to be adopting more aggressive tactics on the Gaza strip frontier.
- A. Also, despite Sharett's voiced concern, fall of his government not expected at present.
 - B. Should change of government nonetheless occur under present circumstances, almost certain to bring Israeli regime which would be more belligerent and war-minded than Sharett.